

Audit's[®] NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

Realty Trust Review

September 9, 1977

VOL. VIII, No. 17

BI-MONTHLY RELATIVE APPEAL RANKINGS AND PORTFOLIO ADVISORY

Portfolio advisory: Time to look into the low priced laggards.....1
Bi-monthly RELATIVE APPEAL RANKINGS and comment on 131 trusts.....3

PORTFOLIO ADVISORY: RANKINGS UPGRADED FOR 13 TRUSTS, MOST LOW-PRICED LAGGARDS

Recent market action is mostly in line with our Aug. 12 advisory that the best speculative values in today's markets are in the low-priced shares of trusts that have lagged the recovery both in real estate and securities markets. In keeping with this strategy we've upgraded rankings on 13 trusts, including nine selling below \$5.

Among non-dividend payers, five trusts move up from either 3N or 4N to 2N (above average appeal) ranking: BT Mortgage Inv. and North American Mtg. for reasons outlined in full-scale reviews Aug. 12; Hanover Square Realty for potential benefits of resumption of new loan commitments adding new earning assets to the portfolio; Hamilton Investment Trust for benefits of an active swap program which has cut bank debt and interest charges sharply; and Indiana Mortgage & Realty Investors for some recent sales of land and other nonearning properties which should improve results near-term.

Four other low-priced non-dividend payers move from 4N to 3N average: Capital Mtg. Inv. for potential benefits of a building program under direction of an experienced homebuilder; Continental Illinois Realty for potential break-even operations in the current fiscal year, albeit at a 1% interest rate (see RTR, Aug. 12); HNC Mtg. & Realty for benefits of an aggressive swap program that has cut debt sharply; and Walter Realty Inv. for operating improvements made possible through sale of \$10 million assets on an attractive earn-out plan. Both Cont. Illinois Realty and HNC Mortgage have lagged other trusts in getting effective asset swap programs going and their belated moves should lighten heavy bank debt.

Two deeply troubled trusts are upgraded from 5N to 4N below average ranking: Diversified Mortgage Inv. for benefits of a swap program that may cut bank debt to \$75 million by year-end and settlement of protracted litigation with Continental Mortgage Investors that frees about \$55 million assets; and First Wisconsin Mtg.

KEEPING CURRENT WITH OUR REAL ESTATE INVESTMENT SERVICES

REIT EVALUATIONS has recently done two-page reviews of 20 equity trusts:

American Realty	Denver REIA	Franklin Realty	Pennsylvania REIT
BankAmerica Realty	Federal Realty	General Growth Prop.	Summit Props.
C.I. Realty Inv.	First Fidel. Inv.	Gould Inv.	Washington REIT
Cont. Illinois Prop.	Flatley Realty	GREIT Realty	Wells Fargo Mtg.
Consol. Cap. Realty	Florida Gulf RL.	New Plan Realty	Wisconsin REIT

Prices: \$36 for the group of 20, \$15 for each individual trust

KENNETH D. CAMPBELL, EDITOR AND PUBLISHER, BERNARD SOLAS, C.F.A. DIRECTOR OF RESEARCH, AUDIT INVESTMENT RESEARCH, INC., 230 PARK AVENUE, NEW YORK 10017

REALTY TRUST REVIEW, REAL ESTATE DISCLOSURE DIGEST, DISCLOSURE REPORTS ON PROBLEM PROPERTIES, and special industry investment reports are published by Audit Investment Research, Inc., an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Under no circumstances is anything contained herein to be construed as an offer to purchase or a solicitation to sell any security mentioned. Information has been obtained from sources believed to be reliable and reasonable care has been exercised in compilation, but accuracy or completeness cannot be guaranteed. Expressions of opinion are solely the responsibility of the publisher and may be changed at any time without notice. Advisory services are mailed to reach subscribers no later than the Monday following publication date. Audit's officers, employees and printers are not permitted to trade upon any recommendation until the Tuesday following. Subscriptions may not be assigned without consent and unused portion refunded on request. Copyright © 1977 by Audit Investment Research, Inc., 230 Park Avenue, New York, N.Y. 10017.

PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS. SUBSCRIPTIONS \$125 ANNUALLY. SINGLE COPY \$7. BACK ISSUES \$1.25 TO SUBSCRIBERS ONLY.
GROUP RATES ON REQUEST.

for approval of a plan to offer banks a new class of common for contingent interest; the plan limits dilution to 25%, much lower than the huge potential dilution facing holders in many other troubled trusts, and gives the trust a shot at coming back.

Dividend payers upgraded include JMB Realty, a smaller equity trust getting good capital gains (estimated at about 71¢/sh. in the August 1977 fiscal year) from selling some leasebacks, and an earnings upswing that could give holders a 10¢-15¢ year-end special dividend; and Gould Investors Trust, moved from No. 4 to 3 ranking for extending its dividend uptick record since payouts were resumed.

Rankings are lowered on only three trusts: API Trust, from 4 to 4N, reflecting omission of dividend and collapse of a potential takeover bid by Lee National Corp.; Colwell Mtg. Trust for a proposed pre-petition Chapter XI plan that could involve significant dilution to present shareholders, according to documents filed with the S.E.C., and that holders will be asked to approve soon; and Plaza Realty Inv., from 4N to 5N because auditors decline to express an opinion on the 1976 financial statements.

Our discussion of REIT status in the footnote to Rankings is expanded to make clear to investors that about 54 trusts now operate as non-qualified business trusts. As such they are taxed as corporations and are not required to pay earnings, if any, to shareholders as dividends. Their trustees generally have avoided making any statement of intention to requalify if and when profitability is restored, and the Tax Reform Act of 1976 imposes some restrictions on requalification. The message for investors: shares of non-qualified trusts are primarily capital gains vehicles with no firm commitment to dividend resumption even if profitable.

COMMENTS ON CURRENT TENDER/EXCHANGE OFFERS: First Mortgage Inv. is offering holders of its matured and defaulted 8¼% senior debentures the option of taking either a) \$570 in cash without accrued interest for each \$1,000 face amount, or b) \$250 cash plus \$41.25 accrued interest and \$750 of new 5%-7% senior debentures due in one-five years. Option B is slightly better if bankruptcy can be avoided for two years or more; we think it can because bank lenders have had ample opportunity to pull out before.

State Mutual Life Assurance is offering to buy 85% or more of 9% senior subordinated notes of State Mutual Investors at 72½% of par, and any or all of 6-3/4% convertible debentures at 50% of par. Tender seems indicated to avoid bankruptcy.

Chase Manhattan Mtg. & Realty Trust exchanged \$19.5 million of its new 11-5/8% convertible debentures for \$32.05 million (or 37.8% of outstanding) of three subordinated debt issues (see RTR, July 22). The sponsor of IDS Realty will advance enough funds for a tender of up to \$42½ million principal of its subordinated debt at 80% of par; the tender would be tied to settlement of litigation. Citizens Mtg. Inv. Trust's planned tender for 8½% sr. subor. notes is hurt by acceleration notices by 15% of holders.

A COMMENT ON POLICY: YOUR RECOMMENDATIONS AND THE MEDIA

The Aug. 29 Wall Street Journal's Heard on the Street column carried an abridgement of our Aug. 12 advisory to you recommending a shift in strategy to shares selling below \$5 and named three of the six recommendations in that issue. Stocks of those named and some other low-priced trusts were among the largest percentage gainers that same day. Some subscribers have asked what happened. Very simply, The Journal is a paid subscriber and its reporter summarized our comment, accurately, without seeking our permission. We are advised that partial use by a newspaper does not violate our copyright. Our pledge and policy is to deliver our recommendations to you first without prior disclosure to anyone. That was and is done. In this instance subscribers had two weeks to act on our advisory before it appeared in a public newspaper.

RELATIVE APPEAL RANKINGS AND LATEST RESULTS

Relative Appeal (RA) Rankings, shown in the extreme left column, give Audit Investment Research's current view of relative attractiveness of current share purchases. All Trusts are ranked from 1 to 5 based upon dividend and capital preservation outlook. Non-dividend paying trusts are designated with an "N" beside their ranking. Each trust comment contains brief advice on suitability of both shares and bonds. Average market risk is assumed for all share purchases. Changes in rankings are indicated by UP DOWN. Relative Appeal Rankings mean:

- 1--Highest appeal with lowest market risk; Dividend outlook stable to up, or may be resumed shortly.
- 2--Above average appeal, somewhat higher market risk; Dividend may vary quarterly or be resumed in 1-2 years.
- 3--Average appeal and market risk; Dividend fluctuates or resummptions possible longer term.
- 4--Below average appeal, high market risk; Dividend cuts or omissions possible.
- 5--Least appeal; Dividends in peril or not foreseen; Serious problems: SEC trading halt; no auditor's opinion; serious debt defaults; Chapter XI; negative equity; banks calling loans.

NON-DIVIDEND paying trusts are not recommended for income investors, but may have special trading appeal as speculations upon quick price moves based on dividend resumption, trust recovery, money market rates or other news.

Portfolio shows: invested assets in millions of dollars (M); % of problem, non-earning assets; & property type mix.

Financing shows: leverage ratio of all debt to shareholder equity (over 20-to-1 ratio shown as "high leverage"); current financing arrangements.

Results compare latest quarter earnings and dividends with previous quarter. Share amounts are shown unless indicated as million dollars (M). EPS=earnings per share; CFS=net cash flow per share. Data, rankings and advice reviewed bimonthly.

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

3N-AMER CENTURY (4/15/4-ST mtg.-June FY) Port.: \$123M, 33% non- & 33% low earn; 63% foreclosed; Mix: 14% condos, 18% land, 33% office, 17% hotel, 13% apts. Financing: 6.2 leverage; \$78M credit at 5% minimum int., ending 10/1/78, + contingent int. for 10 yrs.; Swapped \$18M loans. Results: June FY EPS d90c; June Q d18c after 6c loss prov. v. d18c after 33c gain. Bonds: Speculative yield. Shares: Trading

4N-AMER FLETCHER (4/15/4-ST mtg.-Jan FY) NON-QUAL TRUST. Port.: \$84M, 93% nonearning & reduced rate; 67% foreclosed; Mix: 33% condos, 33% land & devel., 18% shop. ctrs. Financing: Neg. equity; \$56M credit to 9/30/77 at 2% inter. with contingent interest. Results: July Q EPS d66c v. d74c after 1c loss prov. No auditor's opinion. Shares: Trading; ASE delisting possible.

4N-AMER REALTY (8/12/4-Eq.&mtg-Sep FY) NON-QUAL TRUST. Port.: \$42M, 45% nonearning; Mix: 16% mortgages, 72% equity, 12% foreclosed; 40% hotels/motels, 29% land. Washington, D.C. area. Financing: 5.2 leverage; \$15.5M notes secured by assets; nego. restructuring bank debt; bank sued for repayment; no 1976 auditor's opinion. Results: June Q EPS d9c v. d19c. Bonds & shares: Trading; ASE suspended

4N-API TRUST (No review-Equity-Mar FY) Port.: \$53M, 6% nonearning; 70% in 26 shopping centers, most net leased, & 23% in mtgs. Financing: 3.4 leverage; 50% by mortgages on property, 50% short-term loans. Results: Mar. FY EPS d\$2.95; June Q EPS 3c v. d\$3.70 after \$3.54 loss prov.; June Div. omitted v. 10c. Shares: Lee Nat'l potential offer for shares ended; avoid for now.

4N-ATICO MTG. (11/11/4-ST mtg.-Oct FY) NON-QUAL TRUST. Port.: \$139M, 95% nonearning, 50% foreclosed; Mix: 59% condos, 17% land & develop., 24% apts.; 90% Fla. Financing: 5.7 leverage; Renegotiating \$78M credit at 1½% cash inter., expired 3/77. Results: Apr. Q EPS d34c after 19c gain v. d37c after 32c gain. Bonds: Aug. 15 interest not paid; trade flat. Shares: Trading, play on Fla. recovery

3N-ATLANTA NATL (4/8/7-LT mtg.-Aug FY) NON-QUAL TRUST. Port.: \$33M, 69% nonearning; Mix: 16% medical, 28% condo, 24% apts.; 27% GA; 21% FL; 21% TX. Financing: 1.1 leverage; \$13.6M credit to 1/78 at 132% of prime, assets pledged; Missed part of recent principal payments; Seeking debt extension. Results: May Q EPS d50c after 36c loss prov. v. d30c after 24c loss prov. Shares: Speculation on condo recovery

4 -BAIRD & WARNER(2/11/7-ST mtg.-July FY) Port.: \$39M, 32% nonearning; 32% industrial, 17% condos, 15% apartments. Financing: 1.2 leverage; Bank lines cut \$15M to \$32M (\$7M borrowed). Dividends: Paid last of four 24c qtrly. from FY'76 income; FY'77 div. decision after July. Results: Apr. Q EPS d6c after 5c gain v. 3c. Converts: Speculative yield. Shares: L/T recovery; div cut possible

2 -BANKAMERICA RLTY(4/8/7-Eq.&mtg.-July FY) Port.: \$218M, 27% nonearning; Mix: 49% equity: 27% apts., 20% shop. ctrs., 20% office, 14% hotel. Making new commitments. Financing: 3.0 leverage; \$60M comm. paper, \$28M bank notes, \$28M secured mtgs. Results: July FY \$1.05; July Q EPS 17c after 8c loss prov. v. 12c after 2c gain; \$1.40/sh cap. gain pending. Div. 15c v. 13c. Converts: For yield. Shares: Buy for recovery

3N-BARNES MTG (12/9/4-ST mtg.-Sep FY) NON-QUAL TRUST. Port.: \$97M, 80% nonearn; 40% foreclosed; Mix: 49% condo, 24% land; 28% Puerto Rico, 44% Fla. Financing: 2.8 leverage; \$65M bank lines at 125% of prime, expired 7/31/76; Negotiating new credit. Results: June Q EPS d30c after 3c gain v. d25c after 18c gain. Shares: Speculative, very long-term recovery

5N-BARNETT MTG (3/12/6-ST mtg.-Mar FY) NON-QUAL TRUST. Port.: \$145M, 94% non- & low earn; Mix: 23% condos, 26% apts., 22% land. Financing: \$19M neg. equity; \$83M credit at 1%; Condit. agree: 53% asset pledge, forgive 50% contin. int., permit sub. debt restruct. Deben. inter. unpaid since 9/76. Results: June Q EPS d66c after 2c gain v. d78c. Bonds: In default; Restructure speculation. Shares: Avoid. Delisted.

4N-BARNETT-WINSTON(8/12/4-Inter. mtg.-Sep FY) NON-QUAL TRUST. Port.: \$89M, 85% non- & low earn, 69% foreclosed; Mix: 38% apts., 31% land & develop. Financing: \$2.3M neg. equity; \$23M credit expired 6/77 & being repaid via swaps; deben int. unpaid since Dec.'76 & 13% seek acceleration. Results: June Q EPS d\$1.06 after 51c loss prov. v. d55c; \$2.20/sh swap & capital gains seen in Sept. Q. Bonds: In default; Restructure/control speculation. Shares: Avoid

2N-BAY COLONY PROP(8/12/7-Subor. land-May FY) NON-QUAL TRUST FY'78. Self-admin. Port.: \$240M, 67% non- & low earning; 55% foreclosed; 27% undev. land, 73% completed props.; 16% office, 30% apts. Financing: 8.4 leverage; \$95M bank debt at 5% + cont. int. Results: May FY d41c; May Q EPS d36c v. d42c after 32c gain. Selling some major problems. Bonds: Risky yield. Shares: Trading/recovery.

3N-BENEF STD MTG(12/9/4-ST mtg.-July FY) NON-QUAL TRUST. Port.: \$62M, 76% nonearn; 51% foreclosed; Mix: 30% land & devel., 19% condos, 12% motels. Financing: High leverage; \$35.1M revolver to 12/78 at 125% prime, with possible 4% forgiveness. Results: Apr. Q EPS d50c after 39c loss prov. v. d18c after 25c loss prov. Converts: Speculative yield. Shares: Trading

4N-BRT REALTY TR(12/10/3-Eq.&mtg-Nov FY) Port.: \$27M, 64% non- & 7% low earn; 29% foreclosed; Mix: 42% hotel/motel, 18% condos, 16% land & devel. Financing: 2.9 leverage; \$13.2M at 125% of prime to 9/16/77. Results: May Q EPS d\$1.47 after \$1.35 loss prov. v. d9c. Shares: Long recovery

↑ 2N-BT MTG INVESTORS (8/12/7-ST mtg.-Sep FY) CAN END REIT STATUS. Port.: \$150M, 69% nonearning, 32% foreclosed; Mix: 31% apts., 14% land, 10% nursing homes. Financing: \$5M neg. equity; \$112M credit to 9/30/77 at 4% + contingent int.; Sponsor Bankers Trust N.Y. lends 55% of credit. Results: June Q EPS d26c v. d21c. Bonds: Speculative yield. Shares: Speculation on sponsor aid.

5N-BUILDERS INV(6/10/4-ST mtg.-Sep FY) NON-QUAL TRUST. Self-admin. Port.: \$337M, 90% nonearn; 46% foreclosed; 30% condos, 22% land & devel. Financing: \$9M neg. equity; \$268M debt restructured at 1% inter. to 9/77, 2% to 9/79, higher after, with asset pledge & contingent inter. Swapped assets. Results: June Q EPS 69c after \$2.93 gain v. d\$4.38 after 54c extraordinary loss. Shares: Avoid

3N-CAMERON-BROWN (10/14/4-ST mtg.-Dec yr) NON-QUAL TRUST. Port.: \$141M, 84% nonearn & low-earn; 71% foreclosed; 35% apts., 25% land & develop., 13% condos. Financing: 7.0 leverage; \$106.1M credit at 3% min. int. to 12/31/78 plus accrual to lesser of 9% or prime. Results: June Q EPS d59c v. d62c. Shares: Trading or long term speculation; Insider buying.

↑ 3N-CAPITAL MTG(6/10/4-ST mtg.-Dec. FY) NON-QUAL TRUST. Port.: \$119M, 71% nonearn, 45% foreclosed; Mix: 32% land, 20% condos; 55% MD & VA. Financing: High leverage; \$80M credit at 1% to 7/31/78 & 3% to 7/31/79 + conting. int. to prime. 200T convert. preferred shares issued as payment for \$6.8M conting. int. Results: June Q EPS 40c after 35c gain v. d79c after 64c gain. Converts: Spec. yield. Shares: Trading/ recovery

RELATIVE APPEAL RANKING - Continued from page 3

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 2N-CENTRAL MTG (12/9/4-ST mtg.-Mar FY) Port.: \$30M, 40% non- & 10% low earn; 33% foreclosed; 31% land, 31% apts., 20% comcl. & indust. Financing: 1.9 leverage; \$20M credit with banks, at 11% of prime; Nego. for new borrowing. Results: June Q EPS d39c after 26c legal & 22c loss prov. v. d36c after 42c loss prov. Shares: Buy/hold for long-term recovery & potential benefits of new investments.
- 4N-CHASE MANHATTAN MTG (3/12/6-ST mtg.-May FY) NON-REIT PWR. Port.: Approx. \$419M, 96% nonearn; Reorganizing as realty owner-operator, may sell Palmas del Mar, Puerto Rico. Financing: \$6.8M neg. equity; bank debt now \$167M; Agreed on \$175M bank loan to 12/31/81 at 6% inter.; Completed \$226M swaps. Results: May FY EPS \$11.75; May Q EPS \$11.42 after \$13.43 gain v. d\$1.34 after 28c gain; Expect about \$2.50/sh. gain on bond exchange. Bonds: Hold; Exchanging \$19.5M new 11-5/8% convt. debts. for \$32.05M old sub. debt. Shares: Very spec. trading, large potential dilution.
- 4N-CI MTG GROUP (6/10/4-ST mtg.-Oct FY) NON-QUAL TRUST. Port.: \$292M, 92% nonearn., 55% foreclosed; Mix: 45% apts., 15% office, 14% land, 13% condos. Financing: \$2.9M neg. equity; \$235M credit at 2% cash interest (but accrued at 3 3/4%), increasing to 6% at maturity 6/30/80; June 30 prin. payment missed & negotiating; all assets pledged. Results: Apr. Q EPS d31c after 4c loss prov. v. 23c after 13c tax benefit & 36c gain. Shares: Trading only
- 2N-CI REALTY INV (10/8/6-Equity-Feb FY) NON-QUAL TRUST. Port.: \$114M, 8% nonearn, 8% foreclosed; Mix: 86% ownership, 6% mtgs.: 43% apts., 44% NYC office. Financing: 1.7 leverage; \$74M debt is \$58M mtgs. on property, \$18M bank credit to 11/30/77 at 130% of prime. Results: May Q EPS d14c after 2c loss v. 37c after 51c gain & 4c tax benefit; CFS 4c before loss v. 2c before gain; FY'78 expected down. Shares: L/T recovery; buyout
- 3N-CITINATIONAL DEV (No review-ST mtg.-Mar FY) Port.: \$14M, 82% nonearning; Mix: 30% office, 28% 1-family. Financing: 0.5 leverage; \$3M debt to parent bank. Results: Mar. FY EPS d15c. Shares: Limited interest
- 5N-CITIZENS & SO RLTY (3/12/6-ST mtg.-Sep FY) NON-QUAL TRUST. Port.: \$356M, 85% nonearn; 56% foreclosed; Mix: 22% condos, 18% land, 22% apts.; 37% Ga., 23% Fla. Financing: \$22M neg. equity; \$247M credit at 1% cash inter. to 9/78, + contin. inter. to 1985. Missed 4/77 debent. int.; Prel. plan tender debent. under 35. Results: Mar. Q EPS \$1.06 after \$3.55 gain v. \$1.57. Bonds: Tender spec. Shares: Trade
- 4N-CITIZENS GROWTH (8/12/4-Equity-Jan FY) MAY END REIT STATUS. Port.: \$32M, 21% nonearn; Mix: 24% office, 23% motels, 21% improved land. Financing: 3.5 leverage; \$9M credit at 6% with contingent inter. & assets pledged; swapping assets to banks. Results: Oct. Q EPS d\$2.11 after 87c gain & \$2.59 loss prov. v. d64c after 12c loss prov. & 4c loss. Shares: Avoid for now
- 4N-CITIZENS MIT (2/13/6-ST mtg-Dec FY) NON-QUAL TRUST. Port.: \$76M, 78% nonearn; 69% foreclosed; Mix: 35% land & devel., 20% condos, 21% apts. Financing: \$19M neg. equity; \$60M term loan expired 10/76; Proposes swapping most assets for bank debt & tender at 40 for notes. Subor. notes interest missed 10/15/76 & 15% of holders seek acceleration. Results: June Q EPS d66c v. d\$1.11. Bonds: In default; Tender at 40 proposed. Shares: High risk restructuring speculation; Potential dilution.
- 2N-CLEVETRUST RLTY (2/11/7-LT mtg.-Sep FY) NON-QUAL TRUST. Port.: \$105M, 49% non & 15% low earn; 50% foreclosed; Mix: 66% equity incl. foreclosed. 27% apts., 27% comcl., 18% land, 17% office. Financing: 2.6 leverage; \$63.8M two-year credit at prime but not over 7%; contingent inter. for 4-6 years. Results: June Q EPS d20c v. d14c. Shares: Hold for long-term recovery
- 5N-COLWELL MTG (2/13/6-ST mtg.-Dec FY) Port.: \$154M, 30% non- & 9% low earn, 56% foreclosed & refinanced; 38% apts., 14% hotel/motel, 14% shop. ctrs. Financing: \$3M neg. equity; Default on \$109M credit; Missed 3/77 debent. inter.; Will ask bondholder OK of pre-planned Ch. XI. Results: June Q EPS d55c after 49c loss prov. v. nil. Bonds: In default; Ch. XI pending. Shares: Avoid; dilution possible
- 2 -CONN GEN MGR (7/9/6-LT mtg.-Mar FY) Port.: \$321M, 5% nonearn, 11% foreclosed; 37% regional shop. ctrs., 31% residential, 15% indust., 13% office. Financing: 1.9 leverage; \$213M debt is 5% comm. paper, 7% ST bank loans, 35% LT loans, 17% mtgs., 36% converts. Results: June Q EPS 46c incl. 9c gain v. 34c; CFS 46c before gain v. 43c. Div 40c unch.; Converts: Low, safe yield. Shares: Hold long term.
- 4 -CONSOL CAP RL (5/14/6-Equity-Nov FY) Port.: \$128M, 0 nonearning; 80% apts. with 8,712 units, 16% shop. ctrs.; 58% Texas. Financing: 2.4 leverage, \$93M secured mtgs. Results: May Q EPS d9c v. d24c; CFS 45c v. 29c. Div. Aug. monthly 17c v. 16.84c, up 1% & about 100% capital gains or taxfree capital return. Shares: Speculative income, over book
- 3 -CONT ILL PROP (1/16/6-Equity-Oct FY) Port.: \$190M, 0.3% foreclosed & nonearning; Mix: 53% apts., 40% shop. ctrs. Financing: 0.9 leverage; \$29M bank lines and \$83M mortgages on property. Results: Apr. Q EPS 16c v. 20c after 7c gain; CFS 30c v. 22c before gain; Div 32c unch. Shares: Limited near-term upside; Yield longer term.
- 3N-CONT ILL RLTY (8/12/7-ST mtg.-Mar FY) CAN END REIT Port.: \$242M, 20% low & 53% nonearn; 33% foreclosed; Mix: 23% condos, 18% apts, 24% land. Financing: High leverage; New credit \$180M at 1% minimum inter. + contin. inter. @ 130% prime, to 4/30/78; swap program. Results: June Q EPS nil v. d8c; See breakeven FY'78. Bonds: Tender/swapout speculation. Shares: Long recovery, possible sponsor aid
- 5N-CONTINENTAL MTG (11/11/4-ST mtg.-Mar FY) NON-QUAL TRUST. Port.: \$605M, 91% problem; 29% foreclosed; 27% condos, 22% recreation, 18% land. Financing: \$72M neg. equity; Filed Ch. XI 3/8/76 & liquidation ordered but stayed by Chapter X filing 10/22/76. Results: Dec. Q EPS 85c after 93c loss prov. recovery v. d6c. Bonds & shares: Avoid, protracted litigation.
- 4N-COUSINS MTG&EQ (3/12/6-LT mtg.-Aug FY) NON-QUAL TRUST. Self-admin. Port.: \$209M, 70% nonearn; 46% foreclosed; Mix: 19% apts., 40% land/devel., 17% hotel/motel. Financing: High leverage; \$130M credit at 4% inter., plus contingent inter. thru 1986; Credit matures 12/31/77; Results: May Q EPS d28c after 1c gain & 26c loss prov. v. d27c after 20c gain & 56c loss prov. Bonds & shares: Trading
- 3 -DENVER REIA (1/13/5-Equity-Dec FY) Port.: \$47M, 27% low earning office park; Mix, by revenues: 15% apts., 22% shop. ctrs., 14% motel, 44% off. & comm., 5% mtgs.; most Colo. Financing: 4.1 leverage; \$31M property mortgages, \$5M debentures. Results: Mar. Q EPS d9c v. 8c; CFS nil v. 13c due overage rent swings. Sep. div. 15c unch.; '76 div 35% tax-free. Shares: Hold for income
- 4N-DIVERSIFD MI (8/12/4-Inter. mtg.-Dec FY) NON-QUAL TRUST. Self-admin. Port.: \$248M, 69% nonearn, 27% foreclosed; Mix: 42% secondary homesites, 7% primary homesites, 22% raw land, 20% LT mtgs. Financing: 3.4 leverage; Ows banks \$138M under agree. to 3/80 at 7% + contingent int.; Swapping to cut debt. Results: June Q EPS 17c after 69c gain v. d39c. Shares: Long term recovery speculation; Insider buying
- 5N-DOMINION MGR (No review-ST mtg.-May FY) NON-QUAL TRUST. Port.: \$38M, 44% non- & 48% low earn, 82% foreclosed; Mix: 45% condos (mostly Fla.), 17% motels, 14% apts., 8% shop. ctrs., 16% other. Financing: \$6M neg. equity; Chapter XI filed 6/28/77; Results: Feb. Q EPS d\$1.63 after 25c loss prov. & 10c gain v. d\$1.39 after 7c gain & 19c loss prov. Bonds & shares: Avoid
- 2 -EQUIT LF MTG (7/9/6-LT mtg.-Oct. FY) Port.: \$390M, 8% nonearning; 35% LT mtgs., 45% const. & devel.; Mix: 31% shop. ctrs., 20% tracts & land, 11% office. Financing: 2.0 leverage; \$254M debt is 53% comm. paper, 27% notes, 18% master & other notes, 2% conv. Results: July Q EPS 60c v. 59c; Div. 55c v. 55c. Shares & bonds: Buy for yield plus modest growth
- 2 -FEDERAL RLTY (4/9/6-Equity-Dec. FY) Self-administered. Port.: \$27M, No nonearning; Cash flow 20% apartments, 80% shopping centers; Wash., D.C. area. Financing: 1.0 leverage; \$13.1M debt, 98% secured mtgs.; Results: June Q EPS 29c v. 26c year ago; CFS 31c v. 29c year ago; June div. 31c unch. Shares: Buy/hold income and modest growth
- 4N-FIDELCO CROW (5/9/5-LT mtg.-Nov. FY) NON-QUAL TRUST. Port.: \$135M, 83% nonearning; Mix: 25% land (developed & raw), 33% condos, 14% apts., 7% hotels; 30% Penn., 25% Fla.; Financing: 7.2 leverage, \$97M credit to 11/30/78 at 125% prime with 5% cash. Results: May Q EPS d\$1.55 after 59c loss prov. v. d\$1.52 after 54c loss prov. Shares: Speculation on sponsor aid.
- 5N-FIDELITY MI (No review-ST mtg.-Oct. FY) NON-QUAL TRUST. Self-admin.; Chap. XI Jan. 1975. Port.: \$186M, 87% nonearn, 56% foreclosed. Mix: 44% commercial, 32% residential, 24% land; 21% Fla., 16% Cal. Financing: \$57M Neg. equity; \$163M bank debt; Preliminary agreement to repay debt at 60%. Results: Jan. Q EPS 12c after 18c loss recovery v. d\$1.32 after \$1.07 loss prov. Shares: Avoid
- 4N-FIRST COMMERCE (12/9/4-ST mtg. Dec. FY) CAN END REIT. Port.: \$36M, 75% nonearn; 66% foreclosed; Mix: 66% land, 8% condos & singles; 58% La., 42% other South. Financing: 1.4 leverage; \$20M credit at 117% prime plus 1/2 of unused to 7/31/77. Results: Mar. Q EPS d43c after 25c loss prov. v. d\$1.34 after \$1.19 loss prov. Shares: Avoid till progress shown

RELATIVE APPEAL RANKING - Continued from page 4

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 2 -FIRST CONTNL(2/11/7-ST mtg. Feb FY) Port: \$43M, 12% nonearn, 7% foreclosed; Mix: 47% constr. loans, 39% development, 14% land; 86% Tex. Financing: 1.3 leverage; \$32M credit @ ½% over prime, 10% + 10% to 7/77; must pledge assets equal to debt if demanded. Results: May Q EPS 22c v. 21c; div 22c unchanged. Making new commitments. Shares: Speculative income and recovery
- 4N-FIRST DENVR MI(10/14/4-ST mtg. Sep FY) NON-QUAL TRUST. Port: \$109M, 61% nonearning; 45% foreclosed; Mix: 17% land, 16% condos-secondary, 18% condos-primary, 11% motels. Financing: High leverage; assets pledged; \$84M credit to 12/31/77, 2% inter. or cash flow + contingent inter. to 125% base rate. Results: June Q EPS d4c after 10c credit v. d27c after 6c loss prov. Shares: Trading, recovery speculation.
- 3 -FIRST FIDELITY(No review-Equity-Nov FY) Port: \$31M, 15% nonearning; Mix: 53% shop. ctrs., 33% office; Financing: 2.3 leverage; \$20M secured mtgs. Results: May Q EPS d3c v. d9c; CFS 5c v. d12c. Four 7c div. in past year. Shares: Speculative recovery/buyout; Group bought 6%.
- 4N-FIRST MEMPHIS(9/9/4-LT mtg. Nov FY) NON-QUAL TRUST. Port: \$73M, 30% non- & 33% low earn; Mix: 10% land, 16% condos & singles, 17% offices, 10% industrial, 13% hotels, 27% apts. Financing: 13.4 leverage; \$52M credit at 6% to 11/30/78, asset swap planned. Results: May Q EPS d25c v. d27c. Shares: Speculative till workout progresses
- 5N-FIRST MTG IN(6/10/4-ST mtg. Jan FY) NON-QUAL TRUST. Self-admin. Port: \$519M, 79% nonearn; 54% foreclosed; Mix: 34% hotel/motel, 22% apts., 16% land, 10% condos; Financing: \$58M Neg. equity; Credit expired 2/77, seek renewal; Offering 57% or 5-year debts. @ 5-7% for 8% debts. matured 7/1/77. Results: Jan. Q EPS d\$1.38 after \$1.22 gain & 85c loss prov. v. 35c after \$1.43 gain & \$1.09 loss prov. Bonds: For asset swaps. Shares: Avoid
- 3N-FIRST NEWPORT RL (2/13/6-Inter. mtg.-Oct FY) CAN END REIT. Self-admin. Port.: \$191M, 67% non- & 9% low earn; Mix: 32% condos, 21% apts., 9% land. Financing: 17.3 leverage; \$124M credit at 1% minimum inter., to 10/77 initially, with conting. inter. Results: Apr. Q EPS \$3.30 after \$4.89 swap gain & \$1.54 loss prov. v. \$14.90 after \$16.02 gain. Bonds: Hold. Shares: Longer term recovery speculation.
- 3N-FIRST PENN MT(10/14/4-ST mtg. Jul FY) NON-QUAL TRUST. Port: \$178M, 84% nonearn, 63% foreclosed; Mix: 26% condos, 32% comcl. & indust., 14% apts., 18% land; 24% Fla. Financing: 7.7 leverage, Interim accord \$118M credit to 11/30/77 at 3% min. cash + accrual at prime; Negotiating new credit pact. Results: Apr. Q EPS d\$1.37 after 18c loss prov. v. d79c. Converts: Speculative yield. Shares: Trading
- 2 -FIRST UNION(4/22/7-Equity Oct FY) Port: \$167M, 10% low earning; Mix: 70% major office, 25% shop. ctrs., 5% motor inns; internally managed. Financing: 2.8 leverage; \$129M debt: 77% secured mtg., 11% short, 12% conv.; Sold \$10M preferred + \$25M debt. Results: July Q EPS 21c v. 24c; CFS 34c v. 35c; Div. 25c unch. Shares & Bonds: Buy for quality income
- 4N-FIRST VIRGINIA(8/12/4-Inter. mtg.-Jun FY) NON-QUAL TRUST. Self-admin. Port: \$86M, 47% non- & 12% low-earn; 57% foreclosed. Mix: (Problems) 38% condos, 21% land; 37% Va., 30% Fla. Financing: High lev.; \$52M credit to 12/79 at 4% + accrual 125% prime; Debt restructured. Pledged assets. Results: Mar. Q EPS d69c after 23c loss prov. v. d51c; \$2.15 gain on exchange in June. Bonds: Inter. paid. Shares: Risky recovery.
- ↑ 4N-FIRST WISCONSIN MT(No review-ST mtg.-Dec FY) NON-QUAL TRUST. Port: \$153M, 97% nonearn, 76% foreclosed; Mix: 24% condos, 33% apts., 26% land; 43% southeast, 29% midwest; Financing: 12.3 leverage, \$113M bank debt @ 1% to 5/80. Results: Mar. Q EPS nil v. 80c after 54c tax credit & \$1.10 gain. Will offer banks new class of shares in lieu of contingent interest. Shares: Long recovery, some dilution
- 2N-FLATLEY RLTY(11/26/6-Eq&Mtg.-June FY) Self-admin. Port: \$20M, 39% nonearn; 39% foreclosed; Mix: 35% apts., 47% shop. ctrs.; 91% Mass. Holdings: 97% equity, 3% loans. Financing: 2.0 leverage, \$14M debt is 86% secured mtgs. Results: Mar. Q EPS d3c v. 27c, due to utility costs. Shares: Buy pending workout progress, recovery toward book value possible
- 2 -FLORIDA GULF(5/14/6-Equity-Apr FY) Port: \$32M, one vacancy caused by Grant liquidation; Mix: 93% shop. ctrs. (strip), 7% offices; 92% Florida. Financing: 1.2 leverage; \$17M secured mtgs., \$0.2M bank debt. Results: July Q EPS 15c v. 13c in '76; CFS 35c v. 35c in Apr. Q; div. 32c unch., 55% tax-free; One vacant Grant leased Mar.'77. Shares: Buy for yield; limited growth
- 3N-FRANKLIN RLTY(12/10/6-Eq&Mtg.-Jun FY) NON-QUAL TRUST, mgmt. services. Port: \$35M, vacancies falling; Mix: 86% equity, 14% mtgs. Equities: 13 offices midwest & Fla., 5 apts., 2 motels, 1 land tract. Financing: 3.8 leverage; \$28M debt: 59% secured, 23% short, 18% conv. Results: Mar. Q EPS d10c v. d5c. Converts: Hold. Shares: Hold for earnings improvement.
- 3 -FRASER MTG(11/26/6-ST mtg.-May FY) Port: \$51M, 12% problems; Mix: 15% constr., 17% land, 20% completed projects, 38% long-term; 31% Ohio, 25% Fla. Financing: 2.4 leverage; \$40M debt short term; Results: May Q EPS 25c v. 24c; div. 25c unch. Shares: Hold for recovery
- 2 -GENERAL GROW(5/14/6-Equity-Sep FY) Port: \$275M, 0 problems; Mix: 74% shop. ctrs. (major Midwestern malls), 18% apts., 8% motels; Financing: 5.7 leverage; \$228M debt: 88% secured mtgs.; Sold \$25M 9-1/8% 20-yr notes 4/77. Results: June Q EPS 29c v. 33c after 5c gain; CFS 36c v. 36c before 5c gain. Sep. Div. 37c v. 35c, up 6%, over 50% tax-free. Shares: Buy on dips, unique devel. ability
- ↑ 3 -GOULD INVST(3/10/5-Equity-Sep FY) Port: \$39M, 6% nonearning; Holdings: 83% equity. Properties: NYC office (19% of port.), 6 apts., 13 strip shop. ctrs., 8 restaurants, 5 offices. Financing: 3.8 leverage; 86% secured mtgs. Results: June Q CFS 22c v. 10c before 18c gain; EPS 12c v. 12c before 18c gain. Sep. Div. 15c v. 12c, up 20%. Shares: Speculative income hold
- 3 -GREIT RLTY(8/8/5-Equity-Oct FY) Port: \$37M, 2% nonearning; Mix: 60% shop. ctrs., 30% offices & urban stores, 8% apts., 2% mtgs. Financing: 2.3 leverage; \$25M debt, all secured mtgs. Results: Apr. Q EPS 11c v. 15c; CFS 21c v. 25c; July div. 10c unch.; Est. near 58c EPS in 1977 FY. Shares: Speculative income, recovery.
- 5N-GRT AMER M&I(3/11/4-ST mtg- Jul FY) NON-QUAL TRUST. Self-admin. Port: \$335M, 95% nonearning; Mix: 82% foreclosed. 41% apts., 15% condos, 20% land. Financing: Filed Chap. XI 3/77; SEC seeks Ch. X status; Proposed plan: secure assets for sr. creditors + equity for cash inter.; debent. exch.; \$53M neg. equity. Results: Apr. Q EPS d29c after 10c gain v. d20c. Shares: Avoid Bonds: Avoid
- 5N-GUARDIAN MI(3/12/6-ST mtg.-Feb FY) NON-QUAL TRUST. Self-admin. Port.: \$267M, 71% nonearn, 41% foreclosed; Mix: 38% land, 20% condos, 11% singles, 14% hotel/motel. Financing: \$34M Neg. equity; \$232M credit repayment missed; \$122M swapped; seeks extension. Notes & bond int. missed. Results: May Q EPS 31c after \$1.27 gain & 29c loss prov. v. d\$1.46. Bonds: June 1 inter. default; Tender candidate. Shares: Avoid
- 3N-GMR PROP (formerly GULF) (2/13/6-LT mtg.-Feb FY) NON-QUAL TRUST. Port.: \$108M, 54% non- & 15% low earn; Mix: 29% apts., 24% land, 16% motels, 10% offices; 76% Southeast. Financing: 9.7 leverage; \$66M credit to 7/17/78 at 4%; + conting. inter. to 125% prime for 5 yrs. Results: May Q EPS d48c after 23c loss prov. v. d\$1.23 after \$1.08 loss prov. Bonds: Hold for now. Shares: Recovery speculation.
- ↑ 2N-HAMILTON INV(11/12/3-ST mtg.-Dec FY) NON-QUAL TRUST. Self-admin. Port: \$97M, 41% non- & 10% low earn, Mix: 54% apts., 11% condos, 15% offices, 12% land; 307% Okla., 15% Fla. Financing: 5.6 leverage; \$63M credit to 6/78 @ 3½% or net income w/contingent inter. to 130% prime, forgiven 8/86. Swaps cutting debt fast. Results: June Q EPS d21c after 47c gain & 53c loss prov. v. d18c. Shares: Recovery speculation on debt cuts.
- ↑ 2N-HANOVER SQ RL(12/10/6-ST mtg.-Aug FY) Port.: \$36M, 21% nonearn, 27% low-earn; 31% foreclosed; Mix: 73% residential, 13% shop. ctrs., 5% offices, 9% land; 29% NY, 18% Fla.; Making new commitments. Financing: 2.2 leverage, \$30M credit @ 124% prime. Results: May Q EPS d13c v. 2c after 22c int. recovery. Converts: Speculative income buy. Shares: Buy/hold for recovery
- 3N-HEITMAN MTG(11/11/4-ST mtg.-Dec FY) Port.: \$167M, 67% non- & low-earn; Mix: 26% shop. ctrs., 23% condos, 18% offices, 10% apts., 12% land; 27% Ill., 13% other Midwest, 20% Cal. Financing: 12.3 leverage; \$105M credit to 4/78 @ 4% w/conting. interest; \$50M swap. Results: June Q EPS d11c after 9c loss prov. v. d1c after 3c loss prov. Converts: High risk hold. Shares: Recovery speculation.

RELATIVE APPEAL RANKING - Continued from page 5

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 3N-HNC MTG&RLTY(4/15/4-LT mtg.-Oct FY)NON-QUAL TRUST. Port.: \$103M, 68% nonearning; 47% foreclosed; Mix: 23% condos, 18% land, 11% apts., 13% offices, 11% hotels, 11% entertainment ctr.; Financing: 7.4 leverage, \$65M credit to 2/78 at 5% with contingent inter. Swapping assets to pay banks. Results: July Q EPS 9c after 24c swap gain v. 8c after 71c gain & 46c loss prov. Converts: Possible tender. Shares: High risk
- 2 -HOSPITAL MTG(10/8/6-LT mtg.-Feb FY) Port.: \$34M, 49% nonearning; Mix: 34% medical, 24% land, 19% apts., 17% condos; 2/3 Fla. Financing: 0.3 leverage; \$9M bank debt. Results: May Q EPS 11c v. 4c; Div 15c unch. Shares: Trading, long recovery.
- 3 -HOTEL INVESTOR(2/25/7-Eq&Mtg.-Aug FY) Self-adm. Port.: \$82M, 8% nonearn; 4% foreclosed; 53% equity/47% LT mtgs.; Mix: All hotels/motels nationally located; comcl. business travel oriented. Financing: 2.0 leverage; \$55M debt: 31% secured mtg., 40% long-term; \$18M debt agree. to 12/31/80 at 125% prime. Results: May Q EPS 32c after 16c loss prov. v. 28c; CFS 45c v. 44c; div. 40c v. 30c. Shares & Bonds: Buy/hold speculative income
- 2 -HUBBARD REI(4/9/6-Equity-Oct FY) Port.: \$80M, 9½% nonearning due to Grant vacancies. Mix: All shopping centers & food stores except one office; Net lessees: 20% Safeway, 20% Ashland Oil, 20% Chrysler. Financing: 97% equity. Results: July Q EPS 36c v. 35c; Div. 31c v. 30c; 6½ of 10 Grant stores now re-leased, 3½ still vacant. Shares: Buy for dividend prospects.
- 2N-ICM REALTY(6/25/6-Subor. land-Nov FY) Port.: \$101M, 55% non-& low-earn; 31% foreclosed; Mix: 50% apts., 26% shop. ctrs., 15% land, 6% offices; 41% land purch.-leasebacks; Financing: 1.0 leverage; \$43M debt: 49% secured mtgs., \$22M credit to 2/79 at 120% prime + 15% bal. Results: May Q EPS 10c after 1c loss v. 22c after 11c gain. Shares: Speculation long term recovery
- 4N-IDS REALTY TR(6/10/4-ST mtg.-Jan FY) NON-QUAL TRUST. Port.: \$271M, 64% nonearning; Mix: 33% shop. ctrs., 28% land, 5% condos. Financing: \$38M Neg. equity; Sponsor loaned \$25M to settle \$68M bank debt at 20% discount. Results: Apr. Q EPS d14c after 42c loss prov. credit v. 43c. Bonds: Sponsor providing \$34M for 80% payment of \$42M debentures. Shares: High risk speculation.
- 5N-INDEPENDENCE MTG(No review-ST mtg.-Jun FY) NON-QUAL TRUST. Port.: \$147M, 93% nonearning; Mix: 33% condos; Biggest states: Fla., Texas, Virginia, Ill., Ga. Financing: \$10M neg. equity; \$120M credit at 1½ w/conting. inter & 110% collateral, expired 5/31/77; accepted \$21M swaps. Results: Mar. Q EPS d8c v. d3c after 1c gain. Shares: Avoid
- 2N-INDIANA M&R(7/15/4-Eq&Mtg.-Jun FY) Port.: \$75M, 34% non-earn; Mix of Mtgs: 30% residential, 22% apts. & condos; of \$42M equities & foreclosures: 26% offices, 28% apts. Financing: 5.9 leverage; \$58M debt; \$43M credit to 9/78 @ 6% + 120% prime contingent interest. Results: June Q EPS d48c after 23c loss prov. v. d6c; Mar. CFS 5c v. d\$2.44. Shares: Hold for improvement
- 4N-INSTITUT INV(1/13/6-ST mtg.-Jan FY) NON-QUAL TRUST. Self-admin. Port.: \$151M, 61% nonearning; 18% low; 41% foreclosed. Mix: 23% apts., 19% condos, 40% land; 21% Fla., 9% Cal., 8% Tex. Financing: 3.3 leverage; \$53M credit to 5/78 @ 1½ w/conting. inter.; Results: Apr. Q EPS d36c v. d\$1.13 after 69c loss prov. Bonds: Trading & speculative income. Shares: Trading; Insiders buying
- 3N-INVESTOR RLTY(4/8/7-Eq&Mtg.-Nov FY) NON-REIT POWER. Port.: \$57M, 32% low earn. Mix: 54% apts., 15% shop. ctrs.; type: 89% owned incl. foreclosures & leasebacks, 11% mtgs. Financing: 2.6 leverage; \$42M debt, 73% secured; \$17M credit to 3/78, seeking fewer restrictions. Results: May Q EPS d1c v. 3c after 3c gain; CFS 14c v. 15c before 3c gain. New sponsor. Shares: Long-term recovery
- 2 -JMB REALTY (4/8/7-Eq&Mtg.-Aug. FY) Port.: \$25M, 6% problem; Mix: 49% apts., 17% office, 17% shop. ctrs.; 53% wrap-around mtgs., 17% land leasebacks; Financing: 1.5 leverage; \$4M open lines from bank; Results: May Q EPS 47c v. 45c; CFS 52c v. 51c; Div. 40c unchanged; 10c-15c year-end special seen. Shares: Hold for speculative yield and extra dividend
- 5N-JUSTICE MTG (3/12/6-ST mtg.-Sep FY) CAN END REIT. Port.: \$55M, 94% nonearn; 43% foreclosed; Mix: 31% land, 19% condos; 55% Texas. Financing: Negative equity; \$41M credit to 4/77 @ 2% + contingent inter.; assets pledged, and being swapped. 2/1 sub. debt inter. missed & 25% of holders called debt. Results: Mar. Q EPS d\$1.43 before \$4.06 gain. Bonds: Avoid; in default and called. Shares: Avoid
- 4N-KMC MTG INV (5/14/3-ST mtg.-Nov FY) CAN END REIT. Port.: \$29M, 68% non- & 20% low earn; 37% foreclosed; Mix: 23% apts., 25% land & develop.; 17% condo; 54% Kentucky. Financing: 9.0 leverage; \$18.5M credit to 5/1/78 at prime, 3% cash, balance deferred; Results: May Q EPS d12c v. d21c. Shares: Limited speculative interest; Private investor bought 9% of shares.
- 5N-LMI INVESTORS (2/13/6-ST mtg.-June FY) NON-QUAL TRUST. Port.: \$135M, 67% non- & 24% low-earn; 48% foreclosed. Mix: 25% apts., 16% office, 13% shop. ctrs. Financing: High lev.; \$89½M credit to 12/81 w/inter. accrued at prime payable at 2% or cash flow. 60% deb. tendered at 30; pledging assets. Results: June FY \$3.79 after \$6.53 gain; June Q EPS 64c v. d32c. Bonds: Risky yield. Shares: Trade or lighten
- 4N-LINCOLN MTG (12/10/3-Eq&mtg.-Mar FY) NON-QUAL TRUST. Self-admin. Port.: \$32M, 77% non & low earn; 64% foreclosed; Mix: 74% apts, 11% one family & mobiles. Financing: 12.9 leverage; \$13.7M credit with banks ½% over prime, requiring asset sale over several years. Results: Mar. Q EPS d57c v. d10c after 55c gain & 26c loss prov. Bonds & shares: Avoid
- 2 -LOMAS & NETTLETON MTG (2/11/7-ST mtg.-June FY) Port.: \$237M, 29% nonearn; 25% foreclosed; Making new loans; Mix: 33% land acq. & devel., 50% Texas. Financing: 1.3 leverage; Borrowers short & L/T from banks; \$35M term notes to 6/80 at 110% prime. Results: June Q EPS 35c v. d\$3.77 after \$4.05 loss prov.; Div. 35c v. 29c, up 21%. Shares: Longer term recovery potential
- 3 -M&T MTG INV (2/11/7-ST mtg.-Aug FY) Port.: \$43M, 2% nonearn; 2% foreclosed; Making new loans; Mix: 67% const. & devel., 21% 1-family permanent; all Texas. Financing: 1.8 leverage; \$28M bank borrowings, all secured; sponsor provides compensating balances; \$14.6M unfunded commitments.; Results: May Q EPS 27c after 6c loss prov. v. 26c after 5c loss prov. Div 26c unch. Shares: Buy for stable yield
- 2N-MARYLAND RLTY (4/8/7-ST mtg.-Nov FY) NON-QUAL TRUST. Port.: \$20M, 32% non- & 8% low-earning; Mix: 33% apts., 31% land, 19% condos; All Fla. & Ga. Financing: 2.0 leverage; \$12.6M credit at prime to 11/77; Assets pledged. Results: May Q EPS 5c v. 3c. Shares: Recovery speculation
- 1 -MASSMUTUAL MTG (7/9/6-LT mtg.-Oct FY) Port.: \$194M, 12% non- & 5% low-earning; 12% foreclosed; Mix: 35% shop. ctr. & retail, 27% apts.; 80% Long-term mtgs. New commitments. Financing: 1.1 leverage; \$22M master notes; \$10M term loan; \$71½M subor. convert. debts. Results: July Q EPS 31c after 5c loss prov. v. 30c after 5c loss prov.; Div 31c v. 30c. Converts: Safe yield. Shares: Buy
- 4N-MIDLAND MTG (3/12/6-ST mtg.-June FY) CAN END REIT. Port.: \$78M, 68% non- & low-earning; Mix: 30% apts., 24% condo, 21% land. Financing: High leverage; \$80M credit to 9/78 with 3½% cash interest & accrual at 125% of prime; Swapping assets. Results: June FY EPS d\$2.14; June Q EPS d\$1.03 after 77c gain & \$1.29 loss prov. v. d12c after \$1.03 gain & 64c loss prov. Bonds: Spec. yield. Shares: Trading interest
- 2 -MILLER HENRY S (6/10/7-Eq&Mtg.-Feb FY) Port.: \$28M, 13% nonearn; 10% foreclosed; Mix: 56% shop. ctrs owned, 23½% land; Mostly Tex. Financing: 2.0 leverage incl. mtgs.; \$7.2M bank borrowings under \$12.7M credit at 1% over prime, to June 1, '77; \$13.3M mtgs. on prop. Results: May Q EPS 16c v. 2c. Aug. div. 15c unch. Shares: Buy for long-term recovery
- 4N-MISSION INV (11/12/3-ST mtg.-Nov FY) CAN END REIT. Self-adm. Port.: \$34M, 43% non & 25% low earn; 51% foreclosed; Mix: 33% land & devel., 28% residential, 39% commercial. Financing: 2.2 leverage; \$21M credit at prime (max 8½%) to June '78, Assets pledged. Results: May Q EPS d9c after 5c loss prov. recovery v. d17c. Shares: Trading/very long recovery
- 2 -MONY MTG INV (7/9/6-LT mtg.-May FY) Port.: \$209M, 12% non- & 2% low-earn; 4% foreclosed; Mix: 37% office, 30% multifamily, 15% shop. ctrs.; 46% LT mtgs.; Making new commitments. Financing: 1.5 leverage; \$100M bank lines at prime; \$44M comcl. paper; Results: May Q EPS 24c after 3c gain v. 22c after 2c gain; Div. 23c unchanged. Convertibles: Safe yield. Shares: Hold for long-term

RELATIVE APPEAL RANKING - Continued from page 6

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 3 -MORTGAGE GROWTH (10/8/6-LT mtg.-Nov. FY) Port.: \$39M, 19% nonearning, 55% low-earning; Mix: 60% apts., 22% office; 33% Calif. Financing: 0.4 leverage; Debt is \$8.5M 7-3/4% subor. converts held privately & \$4M secured mtgs; Results: May Q EPS 5¢ v. 5¢ after 2¢ loss prov.; Gross cash flow 13¢; div. 12¢ unch. Slightly improving trend FY'77. Shares: Spec. buy/hold for long-term recovery
- 3N-MTG INV WASHINGTON (6/10/4-ST mtg.-Mar FY) Port.: \$94M, 44% non- & 12% low earn; 34% foreclosed; Mix: 20% hotel/motel, 14% shop. ctr; 16% condo & townhouse; Financing: 5.9 leverage; \$53M at 11 1/2% of 1/2 over prime, extended to 9/30/77; No comp. balances. Results: Mar. FY d\$2.14; Mar. Q EPS d\$1.16 after 79¢ loss prov. v. d35¢ after 13¢ loss prov. Bonds: Risky yield. Shares: Trading, recovery potential
- 3N-MTG TRUST OF AMER (8/27/6-ST mtg.-Nov. FY) Port.: \$130M, 60% non- & 8% low earn; Mix: 20% land & devel., 25% condos, 20% apts.; 17% Calif.; Financing: 1.6 leverage; \$66M credit lines at full-rate interest; Results: May Q EPS d17¢ v. d13¢. Shares: Buy/hold for recovery
- 5N-NATIONAL MTG (5/14/3--ST mtg.-Feb FY) CAN END REIT. Port.: \$60M, 74% non-, 11% low earning; Mix: 30% land, 18% commercial, 15% motels, 15% apts.; Financing: \$11M Neg. equity; \$29M secured credit; Chapter XI settlement confirmed & offering deb. holders cash, new notes & shares. Results: Nov. Q EPS d33¢ after 22¢ loss prov. v. d50¢ aft 32¢ LRP. No later results. Shares: Extreme risk
- 3 -NATIONWIDE RE (4/22/7-ST mtg.-Mar FY) Port.: \$47M, 36% non-earning; Adding new loans. Mix: 21% medical, 16% condos, 11% land; 30% Ohio, 17% Indiana; Financing: 1.0 leverage; Reduced bank lines to \$32.6M; Results: June Q EPS 4¢ v. 3¢; Div. 4¢ v. 3¢. Convertibles: High yield. Shares: Speculative long-term recovery
- 2 -NEW PLAN REALTY (6/10/7-Equity-July FY) Self-admin. Port.: \$19M, 0% non-earning; Mix: 71% shop. ctrs. owned, 14% residential. Financing: 2.4 leverage; Debt 79% mtgs. on prop., 19% sub. debent. Results: Apr. Q EPS 23¢ v. 25¢ before 6¢ gain; CFS 23 1/2¢ v. 25¢ before 6¢ gain; Sep. monthly div unchanged at 8¢. Shares: Buy/hold for income
- 5N-NJB PRIME INV (12/10/3-Eq&Mtg.-Nov FY) NON-QUAL TRUST. Self-admin. Port.: \$71M, 73% nonearning; Mix: 43 1/2% motor lodges/restaurants, 27% condos, 13% apts. Financing: \$6M Negative equity; \$59M credit expired 4/77; debenture tender expired. Exchange proposed: \$20 cash for deb. or \$15 + \$35 in new conv. deb. Also proposed for bank debt. May seek Ch. XI. Results: May Q EPS d21¢ after 6¢ gain v. d30¢ after 27¢ gain. Bonds & Shares: Avoid
- 2N-NORTH AMER MTG (8/12/7-ST mtg.-Dec FY) Port.: \$149M, 43% non- & 43% low-earn; 43% foreclosures; Mix: 48% apts., 25% condos, 8% land & devel. Financing: 2.1 leverage; \$56M demand bank notes. Results: June Q EPS d\$1.04 after 68¢ loss prov. v. d32¢. Bonds: Hold pending planned Oct. exchange offer: \$1050 of 10-year at 8 1/2% for \$1000 of 5 1/2% '79. Shares: Recovery potential
- 3N-NORTHWESTERN FIN (12/10/3-LT mtg.-Dec FY) NON-QUAL TRUST. Port.: \$45M, 44% nonearn; 44% foreclosed; Mix: 7% apts., 6% office, 7% land, 44% inter-long; 50% N. Caro. Financing: 0.8 leverage; \$24M revolving credit at 1/2 over prime, expired Aug. 31, '77. Results: June Q EPS nil v. d11¢ after 3¢ loss prov. Shares: Recovery speculation long term
- 1 -NORTHWESTERN MUT LF MTG (7/9/6-LT mtg.-Mar FY) Port.: \$235M, 11% non- & 7% low-earn; 12% foreclosed; Mix: 24% office, 23% shop. ctrs., 13% apts.; 60% permanent mtgs. Financing: 1.7 leverage; \$98 1/2M open bank lines; \$27M comcl paper. Results: June Q EPS 22¢ after 2¢ loss prov. v. 22¢ after 8¢ loss prov. Div 25¢ unch. Converts: Safe. Shares: Buy long term
- 2 -PACIFIC SOUTHERN (No review-LT mtg.-Mar FY) Self-admin. Port.: \$10M, 33% nonearn & foreclosed; Mix: 61% comcl. loans, 33% foreclosed land & condo; Seeking equity investments. Financing: No borrowings. Results: June Q EPS 13¢ after 6¢ legal exp. v. 11¢ after 5¢ loss prov. Div. Aug. 12¢ v. 15¢. Legal exp. to cause div. fluctuation over '78-'79 FY. Shares: LT recovery or buyout candidate plus spec. yield
- 2 -PENNSYLVANIA REIT (5/27/7-Equity-Aug FY) Port.: \$73M, 0.3% nonearning; Mix: 38% apartments, 36% shopping centers. Financing: 3.2 leverage, 90% mtgs. on property owned; borrows under \$7 1/2M bank lines. Results: May Q EPS 34¢ v. 21¢; CFS 45¢ v. 30¢; Div 57 1/2¢ semi-annually, unchanged. Shares: Buy/hold long-term for yield & gains
- 5N-PLAZA REALTY (8/12/4-Eq&Mtg.-Dec FY) NON-QUAL TRUST. Self-admin. Port.: \$32M, 71% nonearn; 70% foreclosed; Mix: 45% apts., 16% land, 17% shop. ctrs; 50% equity. Financing: 12.2 leverage, incl. \$16M mtgs.; \$9M credit, to 9/78 at 50% of prime if \$6M paid down by 9/78. Results: Mar. Q EPS d19¢ v. d\$1.53 after \$1.27 loss prov. No auditor's opinion '76. Shares: Avoid or trade only
- 2 -PNB MTG & RLTY (12/10/6-LT mtg.-Sep FY) Port.: \$123M, 3% non & 11% low earning; Mix: 38% LT mtgs., 29% property owned; 38% apts., 21% office & indust., 19% condos. Financing: 1.8 leverage; \$50M bank lines; \$26M comcl paper. Results: June Q EPS 22¢ after 4¢ loss prov. v. 13¢ after 4¢ loss prov.; Div. 18¢ v. 12¢. Adding new earning assets. Shares: Long-term recovery, possible further div uptick
- 2 -PROPERTY CAPITAL (4/9/6-Subor. land-July FY) Port.: \$69M, 4% non- & 21% low earn; 21% foreclosed; Mix: 36% apts., 36% office, 15% shop. ctrs.; 48% leasebacks, 31% LT mtgs. Making new investments. Financing: 1.6 leverage; Bank borrowings cut to \$16M at 1/2 over prime. Results: July FY \$1.20; July Q EPS 30¢ vs. 30¢; Div. 30¢ unchanged. Shares: Buy-hold for yield & long term recovery
- 3 -PROPERTY TRUST OF AMER (8/12/7-Eq&Mtg.-Dec FY) Self-admin. Port.: \$36M, 25% non-earn; 21% mtgs., 18% foreclosed, 58% acq. property; Mix: 35% apts., 27% office, 17% shop. ctrs.; 81% Texas. Financing: 0.9 leverage, all \$16M mtgs. on property. Results: June Q EPS 7¢ after 5¢ cap gain v. 1¢ after 1¢ spec. exp.; CFS 10¢ after 5¢ gain v. 3¢; Sep. div. 5¢ unch. Shares: Hold for spec. recovery & modest income
- 2 -RLTY & MTG OF PACIFIC (RAMPAC) (6/13/5-LT mtg.-Nov. FY) Port.: \$85M, 18% non- & low-earn; Mix: 69% loans: 23% hotel/motel, 13% office, 16% apts.; 31% equity; 47% Calif., 13% Hawaii. Financing: 1.5 leverage; \$23M commercial paper backed by \$24M open lines; \$8M under \$15M term credit to Nov.'77. Results: May Q EPS 27¢ v. 25¢; Div. 28¢ unch. Converts & shares: Hold
- 3 -REIT OF AMERICA (5/14/6-Equity-Nov FY) Port.: \$46M, 1% nonearn; Props. 9% vacant overall; Mix: 42% shop. ctrs., 24% office, 19% indust.; 46% Calif., 13% Mass.; Expanding \$11M Sacramento center, leasing slower than expected. Financing: 0.4 leverage, all mtg. debt. Results: May Q EPS 27¢ v. 37¢ after 17¢ capital gain; July div. 30¢ unchanged. Shares: Hold long term
- 2 -REALTY INCOME (9/24/6-Eq&Mtg.-Apr FY) Self-admin. Port.: \$77M, 36% non- & low-earn; 51% foreclosed; Mix: 26% apts., 28% office. Financing: 3.0 leverage; \$14M under \$23 1/2M bank lines at prime; \$20M term at 1 1/2 over prime to '77-80. Results: Apr. Q EPS d28¢ v. d47¢ after 53¢ loss prov.; Cleaning up portfolio; July div. 35¢ unch., paying cap. gains; deprec. rising. Converts: Yield. Shares: Buy/hold LT
- 3 -REALTY REFUND (9/12/5-Inter. mtg.-Jan FY) Port.: \$52M, no problems; Mix: 80% wraparound mtgs., 20% LT mtgs.; 43% apts., 21 1/2% office, 19% industrial. Financing: 1.7 leverage; \$17M credit at 1/2 over prime to 12/79, \$15M at 1 1/2 over prime to 7/80; Added \$5M new equity from warrants. Results: July Q EPS & div. down 2% to 59¢ on higher shares. Shares: Hold; EPS sensitive to prime
- 4N-REPUBLIC MTG (6/10/4-ST mtg.-Dec FY) NON-QUAL TRUST. Port.: \$60M, 84% nonearning; 76% foreclosed. Mix: 28% land acq. & devel., 19% condo, 13% apts.; 62% Florida. Financing: 3.2 leverage; \$30.7M credit to 6/30/77 at 2% cash plus contingent inter.; Results: June Q EPS d32¢ v. d20¢ after 15¢ gain. Shares: Trading, speculative recovery
- 3 -RIVIERE REALTY (1/13/5-Eq&Mtg.-Dec FY) Port.: \$20M, 11% low & 2% nonearning; 2% foreclosed; Mix: 36% apts., 24% office, 15% motel; 46% D.C. area, 45% Ind. Financing: 2.0 leverage, mainly mtgs. on property; \$3.5M open line at 1 1/2 over prime. Results: June Q EPS 11¢ v. 6¢; CFS 20¢ v. 14¢; Div. 25¢ unch. Shares: Buy/hold more speculative yield
- 2 -SAN FRANCISCO RE (was US LSG) (8/27/6-Eq&Mtg.-Dec FY) Self-admin. Port.: \$55M, 21% nonearn; Mix: 52% office, most bank-occupied; 9% apts. Financing: 0.9 leverage, 94% mtgs. on prop.; Cut bank debt to \$1.4M. Results: June Q EPS 13¢ after 9¢ loss prov. v. 20¢ after 12¢ loss prov. CFS 24¢ v. 31¢; Div 15¢ unch.; Credit restrictions lifted. Seeking new equity investments. Shares: Buy/hold

RELATIVE APPEAL RANKING - Continued from page 7

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 3N-SAUL (B.F.) REIT (2/13/6-Eq&Mtg.-Sep FY) CAN END REIT. Port.: \$295M, 8% non- & 49% low-earning; Mix: 23% mtgs., 77% properties; Owned prop. is 41% shop. ctrs., 38% apartments; Financing: 6.9 leverage; \$125M revolver at 125% of prime to 4/30/79. Results: June Q EPS d30c v. d42c. Bonds & converts: For yield. Shares: Losses narrowing; Speculation on mgmt. ability to restore property income
- 3N-SECURITY MTG (8/27/6-Inter. Mtg.-Sep FY) CAN END REIT. Port.: \$147M, 37% non-earning; Mix: 39% one-family home improvement second mtgs., 45% comcl. mtgs., 16% mtgs. on medical facil; Financing: 2.6 leverage; \$55M bank credit at 120% of prime extended to 10/31/77; Results: June Q EPS 6c after 13c gain v. d3c. Bonds: Attractive for yield, 7% high-grade speculation. Shares: Trading/recovery
- 3N-STATE MUTUAL (5/13/4-LT mtg.-Mar. FY) NON-QUAL TRUST. Port.: \$98M, 67% non- & 13% low-earn; Mix: 8% condos, 37% apts.; 14% land. Financing: \$5M neg. equity; Sponsor may buy \$50M trust assets to repay most bank debt. Results: June Q EPS d16c v. d\$1.02 after 51c LP. Tender: Sponsor offering 72½% of par for 9% sr. notes, 50% for 6 3/4s, expiring 9/26. Bonds: Tender. Shares: Interesting if tender succeeds
- 3N-SUMMIT PROP (6/25/6-Equity-Oct FY) NON-QUAL TRUST. Port.: \$48M, 8% non- & low earn; Mix: 46% shop. ctrs; negotiations complete on 63% of former Grant space; Financing: 3.4 leverage; \$4M secured bank debt extended to 5/79 @ 2% over prime. Results: Apr. Q EPS d7c after 3c gain v. d5c after 7c cap. gain; CFS d5c before cap. gain v. 5c before cap. gain. Shares: Hold for long-term recovery
- 2 -SUTRO MTG INV (10/8/6-ST mtg.-Mar FY) Port.: \$67M, 24% non- & 24% low-earn; 37% foreclosed; Mix: 23% apts., 29% hotel/motel, 17% indust.; Financing: 0.8 leverage; New \$38M credit at .375 over prime to 12/31/78 + 10% + 10%; Results: June Q EPS 19c after 15c gain v. .002c after 12c loss prov. \$8M new commitments. Div. 12½c v. 10c special div. in May. Converts: Safe yield. Shares: Buy L/T recovery
- 5N-TMC MTG INV (12/9/4-ST mtg.-Mar FY) Port.: \$10M, 100% non-earning; 26% foreclosed; Mix: All condos & houses, 97% Puerto Rico; Financing: \$1M Neg. equity; Assets pledged; Swapped many assets and cut debt to \$5.3M; Results: June Q EPS 1c v. 95c. Mar. FY \$4.28 after \$5.34 swap gains. Shares: Avoid; essentially in liquidation; May merge into sponsor or other corporation.
- 4N-TEXAS FIRST MTG (11/12/3-ST mtg.-June FY) NON-QUAL TRUST. Self-adm. Port.: \$26M, 83% nonearn; Mix: 56% land, 7% office, 5% warehouse; Financing: 1.5 leverage; \$13M bank credit at prime to 3/78, max. 8%, 3% pay in cash; assets pledged; \$6M assets swapped; Results: June FY 72c; June Q EPS d28c after 23c loss prov. v. 17c after 20c swap gain. Discussing merger. Shares: Speculation on Texas land recovery
- 4N-TIERCO (No review-ST mtg.-Dec FY) NON-QUAL TRUST. Self-adm. Port.: \$55M, 73% non- & low-earn; Mix: 46% apts., 14% undevel. land; heavy Okla.; Financing: 8.7 leverage; \$32M credit at 5% minimum inter. plus deferrals, to 6/78; asset swaps. Results: June Q EPS 68c after 26c gain & 67c loss prov. credit v. d10c after 17c loss prov. credit. Shares: Speculative recovery
- 4N-TRI-SOUTH MTG (10/14/4-ST mtg.-Dec FY) NON-QUAL TRUST. Port.: \$133M, 84% nonearning; 56% foreclosed; Mix: 29% land & devel.; 26% GA, 19% Tex., 23% Fla.; Financing: 12.3 leverage; \$55M credit at 4% cash inter.; Missed June 30 \$17M repayment & in default; Results: June Q EPS 69c after \$1.21 credit v. d17c after 45c gain. Bonds: Possible tender. In default if int. not paid by 9/15. Shares: Avoid
- 3N-UMET TRUST (11/12/3-ST mtg.-Nov FY) NON-QUAL TRUST. Self-adm. Port.: \$139M, 24% nonearn; Mix: 21% condos, 22% apts., 18% shop. ctrs., 19% office; Financing: High leverage; \$89M credit to 8/79 at 6% + contingent int.; Results: May Q EPS d83c after 25c loss prov. v. d31c. Shares: Speculative, some prop. recovering & possible interest recapture
- 2 -UNITED REALTY (9/24/6-LT mtg.-Nov FY) Port.: \$80M, 42% non- & low-earning; Mix: 22% GNMA's (pledged), 25% office, 18% apts.; Financing: 0.2 leverage; Pledged GNMA's to repay banks \$14M; Results: May Q EPS 19c after 2c loss prov. v. 18c no loss prov.; Div. 19c v. 18c. Made new loan. Shares: Buy for benefits from gradual problem loan solution
- 2N-US BANCORP TRUST (2/25/7-Eq&Mtg.-May FY) Port.: \$60M, 25% nonearn & 11% low; 16% foreclosed; Mix: 48% prop. owned or under construction, half indust., half office; Financing: 3.2 leverage; \$36M credit to 12/77 at 120% prime; Results: May Q EPS 19c after 23c net credit v. d23c; Feb. CFS d6c v. d12c. Converts: Low but safe yield. Shares: Long term recovery, good equity base
- 3N-US REALTY INV (10/8/6-Eq&Mtg.-Dec FY) NON-QUAL TRUST. Port.: \$105M, 20% nonearn & 15% low; Mix: 45% mtgs., 54% owned property, Financing: 6.7 leverage; \$39M at 125% of prime payable at 5 3/4% or cash flow; Results: June Q EPS 4c after 10c gain v. d12c; Mar. CFS 1c v. d2c. Converts: OK for risk income. Shares: Long-term recovery; leverage high
- 2 -VIRGINIA RE (12/10/6-Eq&Mtg.-Dec FY) Self-adm. Port.: \$39M, 17% foreclosed & nonearning; Mix: 92% property, 8% mtgs.; Financing: 2.0 leverage, 75% mtgs. on property; \$7M bank term loan at 3% over prime extended to Mar. 31, '81; assets pledged. Results: June Q EPS 9c v. 6c; CFS 11c v. 15c; Qtrly div. resumed 7/77 at 10c. Shares: Long term recovery
- 3N-WACHOVIA REALTY (8/12/7-ST mtg.-Aug FY) Port.: \$120M, 72% nonearn; 41% foreclosed; Mix: 20% apts., 17% land & devel., 13% comcl., 13% hotel/motel; Financing: 1.9 leverage; \$68M revolving credit to 7/79 at prime + contingent interest at 125% of prime. Results: May Q EPS d24c after 13c loss prov. v. d31c after 11c loss prov. Shares: Very long term recovery
- ↑ 3N-WALTER REALTY (3/11/4-Eq&Mtg.-July FY) NON-QUAL TRUST. Port.: \$47M, 52% nonearn; 61% equity. Mix: 25% industrial, 15% one-family; 15% land; 49% Fla. Selling six prop. for \$10M. Financing: 3.0 leverage; \$15M credit to 10/78 @ 117% prime; Results: Apr. Q EPS d27c v. d\$1.26 after \$1.00 loss prov. Shares: Long recovery and benefits of property sales.
- 2 -WASHINGTON REIT (5/27/7-Equity-Dec FY) Port.: \$31M, no nonearning; Mix: All property, 98% in Washington, D.C. area; 68% high-rise apts., 19% shop. ctrs., 13% distrib.-office. Traded apt. for office bldg. Financing: 0.7 leverage, 98% mtg. debt; 2% convt. debent. Results: June Q EPS 40c before \$1.08 gain on exchange v. 38c; Mar. CFS 44c v. 42c; Sep. div 44c unch. Shares: Hold for income, top quality assets
- 2 -WELLS FARGO MTG (12/10/6-ST mtg.-June FY) Port.: \$196M, 9% non- & 23% low-earning; Mix: 39% apts., 16% development, 7% condo. Financing: 2.0 leverage; Borrows under \$171½M open lines backing \$128M commercial paper; New commitments. Results: June FY 95c; June Q EPS 28c v. 29c after 6c recovery; div. 27c v. 25c. Shares: Buy/hold for recovery
- 3N-WESTERN MTG (6/11/3-ST mtg.-Feb FY) Port.: \$18M, 23% nonearning, 8% partial earning; Mix: 22% land acq. & devel., 25% apts., 15% one-family; Sold \$4M office. Making new commitments. Financing: 2.0 leverage; \$9M revolver at ½% over prime, plus \$2½M from banks payable over 2½ yrs. Results: May Q EPS nil v. 6c. Shares: Trading
- 2N-WISCONSIN REI FUND (No review-Equity-Dec FY) NON-QUAL TRUST. Self-adm. Port.: \$36M, 10% nonearning; Mix: 81% property, 9% foreclosed, 10% mtgs. Financing: 3.5 leverage, \$22M mtg. debt; \$6M short term. Results: Mar. Q EPS d19c before 80c gain v. d14c before 24c gain; CFS d13c + gain v. d11c + gain. Sale agree on \$11M prop. Shares: Speculation on improving trend; Group bought 8.4% of shares

REIT STATUS is shown to indicate whether an entity intends paying 90% of taxable earnings as dividends and thus remain qualified for conduit income tax treatment. Three stages in status are shown: VOTING POWER TO END REIT STATUS, when a proposal is pending before shareholders to give trustees discretion over whether to continue to qualify; CAN END REIT STATUS, when shareholders have given trustees power to end qualification; and NON-QUAL TRUST, when trustees have ended qualification and the entity operates as a business trust taxed as a corporation. Trustees of these entities generally have made no decision on whether to requalify and investors should not assume they will requalify and pay dividends even if profits are restored. The 1976 Tax Reform Act imposed some restrictions to requalification.